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Attorneys for 4207602 Canada Inc. (dba Cameo Knitting).

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re: : Chapter 11
SEARS HOLDINGS CORPORATION, *et al.*, : Case No. 18-23538 (RDD)
Debtors.¹ : (Jointly Administered)
-----X

NOTICE OF RECLAMATION CLAIM

PLEASE TAKE NOTICE that 4207602 Canada Inc. (dba Cameo Knitting) (“*Cameo*”), by and through its undersigned counsel, files this Notice of Reclamation Claim pursuant to 11 U.S.C. § 546(c), 11 U.C.C. § 2-702 and applicable non-bankruptcy law, on the above-captioned debtors

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SRC Sparrow 1 LLC (None); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); SRC Sparrow 2 LLC (None); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); SRC O.P. LLC (None); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); SRC Facilities LLC (None); and SRC Real Estate (TX), LLC (None). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

and debtors-in-possession (collectively, the “*Debtors*”), to reclaim certain assets (the “*Goods*”) that are subject to reclamation.

The Goods were sold in the ordinary course of business and received by the Debtors in the forty-five (45) days prior to the filing of the Debtors’ bankruptcy petitions on October 15, 2018 (the “*Petition Date*”). Cameo is informed and believes the Debtors were insolvent at the time they received delivery of the Goods.

Cameo incorporates by reference and attaches as **Exhibit A** hereto, a copy of the written demand for reclamation, and list of invoices and related information for the Goods shipped from Cameo to the Debtors during the forty-five (45) day period prior to the Petition Date (the “*Reclamation Demand*”), served on the Debtors and the Debtors’ attorney of record on October 26, 2018, pursuant to 11 U.S.C. § 546(c). The value of the Goods at issue is not less than \$956,990.32.

PLEASE TAKE FURTHER NOTICE that Cameo reserves all of its rights with respect to the Goods, including, without limitation, (i) its right to be paid in the ordinary course of business as a post-petition creditor of the Debtors to the extent the Goods were delivered to the Debtors on or after the Petition Date; (ii) its right to assert a 20-day administrative priority claim pursuant to 11 U.S.C. §503(b)(9); (iii) its right to assert a “new value” defense to any preference demand pursuant to 11 U.S.C. §547(c)(4); (iv) its right to demand payment of any portion of this invoice as a “cure” payment in connection with the Debtors’ assumption of any executory contract, if any, pursuant to 11 U.S.C. § 365; (v) its right to seek payment of its prepetition invoices from any non-debtor parties that are co-obligors; (vi) its right to file additional demands or claims, including without limitation, a proof of claim; and/or (vii) its right to assert any other rights under applicable

law. By filing this Notice of Reclamation Claim, Cameo does not consent to entry of final orders of the bankruptcy court on non-core issue and claims, and does not waive any jurisdictional defenses and reserves its rights to amend this Notice of Reclamation Claim.

Dated: New York, New York
October 26, 2018

CHAPMAN AND CUTLER LLP

By: /s/Michael Friedman
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*Attorneys for 4207602 Canada Inc. (dba
Cameo Knitting).*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 26th day of October 2018, a true and correct copy of the foregoing was served via ECF filing system of the United States Bankruptcy Court for the Southern District of New York on all parties receiving notice in this case.

/s/ Michael Friedman

Michael Friedman

Exhibit A

Chapman and Cutler LLP

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October 26, 2018

VIA EMAIL AND OVERNIGHT MAIL
(RAY.SCHROCK@WEIL.COM)
(JACQUELINE.MARCUS@WEIL.COM)

Ray C. Schrock, P.C.
Jacqueline Marcus, Esq.
Weil Gotshal & Manges, LLP
767 5th Avenue
New York, NY 10153

VIA OVERNIGHT MAIL
Sears Holding Corporation
3333 Beverly Road
Hoffman Estates, IL 60179

Re: In re Sears Holding Corporation, et al., 18-23538 (RDD) (Bankr. S.D.N.Y)
Demand for Reclamation Pursuant to 11 U.S.C. § 546(c)

Dear Ms. Marcus:

Pursuant to U.C.C. § 2-702 (and the applicable U.C.C. provisions in the states where the bulk of the Goods (as defined herein) were delivered) and Section 546(c) of the United States Bankruptcy Code, demand is hereby made upon Sears Holding Corporation and/or any of its subsidiaries and affiliates, as applicable (collectively, “Sears”) for the reclamation and return of all goods (the “Goods”) that were shipped to Sears by 4207602 Canada Inc. (dba Cameo Knitting) (“Cameo”) in the ordinary course of business, where such goods were received by Sears within forty-five (45) days preceding the date upon which Sears filed its bankruptcy petition in the United States Bankruptcy Court for the Southern District of New York (the “Petition Date”).

This demand covers 35 invoices not less than \$956,990.32 for the Goods that were delivered to Sears prior to the Petition Date, and for the proceeds of any Goods that may have been sold. Copies of the invoices are enclosed herein. See Schedule 1 hereto.

Demand is hereby made that the Goods sought to be reclaimed hereby continue to be segregated from Sears’ other inventory and returned to Cameo, except to the extent, if any, prohibited by the Bankruptcy Court in Case Number 18-23538 (RDD), and that you provide an immediate accounting of all such Goods on-hand and their present location(s). Please take notice

Chapman and Cutler LLP

To the addresses named herein
October 26, 2018
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that these Goods are not to be sold, used or otherwise transferred except with our written consent or by order of the court of competent jurisdiction entered upon prior notice to Cameo.

Cameo reserves all rights under 11 U.S.C. § 503(b)(9) to the extent the Goods are not timely returned. In addition, Cameo reserves the right to amend and supplement this reclamation demand and to make additional reclamation or other demands and claims Cameo may have at law, in equity or otherwise. This reclamation demand is not intended to be and shall not be construed as an election of Cameo's remedies, a waiver of any past, present or future defaults or events of default by Sears or any of its subsidiaries or affiliates or a waiver or limitation of any of its rights or remedies.

Very truly yours,

CHAPMAN AND CUTLER LLP

By: /s/Michael Friedman
Michael Friedman

Enclosures

Schedule 1

4207602 CANADA INC - ACCOUNTS RECEIVABLE AT OCTOBER 15, 2018

Customer N Name	Invoice Date	K-Mart Receiving Date	Commencement Date	No. Of Days since	Doc Type	Doc No.	Balance Due	Delivered	Delivered
								Last 20 Days	Last 22 to 45 Days
310-0000 K-MART CORPORATION	8/8/18	9/4/18	10/15/18	41	Invoice	219056	38,564.04		38,564.04
310-0000 K-MART CORPORATION	8/15/18	9/5/18	10/15/18	40	Invoice	219091	23,236.80		23,236.80
310-0000 K-MART CORPORATION	8/29/18	9/8/18	10/15/18	37	Invoice	219229	3,007.40		3,007.40
310-0000 K-MART CORPORATION	8/29/18	9/5/18	10/15/18	40	Invoice	219235	4,813.15		4,813.15
310-0000 K-MART CORPORATION	8/30/18	9/7/18	10/15/18	38	Invoice	219258	1,402.20		1,402.20
310-0000 K-MART CORPORATION	9/4/18	9/10/18	10/15/18	35	Invoice	219306	1,528.80		1,528.80
310-0000 K-MART CORPORATION	9/6/18	9/20/18	10/15/18	25	Invoice	219312	4,085.40		4,085.40
310-0000 K-MART CORPORATION	9/6/18	9/11/18	10/15/18	34	Invoice	219313	4,741.10		4,741.10
310-0000 K-MART CORPORATION	9/11/18	9/29/18	10/15/18	16	Invoice	219362	114,453.00	114,453.00	
310-0000 K-MART CORPORATION	9/11/18	9/14/18	10/15/18	31	Invoice	219363	107,506.32		107,506.32
310-0000 K-MART CORPORATION	9/13/18	9/18/18	10/15/18	27	Invoice	219420	1,844.70		1,844.70
310-0000 K-MART CORPORATION	9/14/18	10/11/18	10/15/18	4	Invoice	219458	1,505.70	1,505.70	
310-0000 K-MART CORPORATION	9/20/18	9/25/18	10/15/18	20	Invoice	219511	14,507.30	14,507.30	
310-0000 K-MART CORPORATION	9/20/18	10/1/18	10/15/18	14	Invoice	219512	10,239.45	10,239.45	
310-0000 K-MART CORPORATION	9/20/18	10/1/18	10/15/18	14	Invoice	219513	64.80	64.80	
310-0000 K-MART CORPORATION	9/21/18	10/8/18	10/15/18	7	Invoice	219530	38,732.40	38,732.40	
310-0000 K-MART CORPORATION	9/24/18	[*]	10/15/18		Invoice	219574	115,311.00	115,311.00	
310-0000 K-MART CORPORATION	9/25/18	[*]	10/15/18		Invoice	219579	8,500.80	8,500.80	
310-0000 K-MART CORPORATION	9/27/18	10/2/18	10/15/18	13	Invoice	219587	345.60	345.60	
310-0000 K-MART CORPORATION	9/27/18	10/2/18	10/15/18	13	Invoice	219588	2,446.05	2,446.05	
310-0000 K-MART CORPORATION	9/27/18	10/5/18	10/15/18	10	Invoice	219589	1,758.90	1,758.90	
310-0000 K-MART CORPORATION	9/27/18	10/5/18	10/15/18	10	Invoice	219590	634.20	634.20	
310-0000 K-MART CORPORATION	10/1/18	10/3/18	10/15/18	12	Invoice	219675	100,548.00	100,548.00	
310-0000 K-MART CORPORATION	10/1/18	[*]	10/15/18		Invoice	219676	25,872.00	25,872.00	
310-0000 K-MART CORPORATION	10/1/18	[*]	10/15/18		Invoice	219677	12,423.60	12,423.60	
310-0000 K-MART CORPORATION	10/2/18	[*]	10/15/18		Invoice	219793	25,935.00	25,935.00	
310-0000 K-MART CORPORATION	10/3/18	10/5/18	10/15/18	10	Invoice	219697	36,174.60	36,174.60	
310-0000 K-MART CORPORATION	10/3/18	10/5/18	10/15/18	10	Invoice	219698	7,392.00	7,392.00	
310-0000 K-MART CORPORATION	10/5/18	10/11/18	10/15/18	4	Invoice	219751	7,159.85	7,159.85	
							\$USD	714,734.16	524,004.25 190,729.91

* We have been unable to definitively ascertain the receiving date of these goods, but believe them to have been delivered within twenty (20) days of the Commencement Date.

Aged Accounts Receivable
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cameosocks**4207602 CANADA INC - ACCOUNTS RECEIVABLE AT OCTOBER 15, 2018**

Customer No.	Name	Invoice Date	SEARS Receiving		Commencement Date	No. Of Days since	Doc Type	Doc No.	Balance Due	Delivered	Delivered
			Date	Date						Last 20 Days	Last 22 to 45 Days
410-0000	SEARS	8/21/18		9/6/18	10/15/18	39	Invoice	219160	20,311.20		20,311.20
410-0000	SEARS	8/21/18		9/6/18	10/15/18	39	Invoice	219161	26,505.60		26,505.60
410-0000	SEARS	8/28/18		9/7/18	10/15/18	38	Invoice	219234	42,574.40		42,574.40
410-0000	SEARS	8/28/18		9/7/18	10/15/18	38	Credit Memo	201607	-1,680.80		-1,680.80
410-0000	SEARS	9/4/18		9/7/18	10/15/18	38	Invoice	219307	32,104.80		32,104.80
410-0000	SEARS	9/11/18		9/21/18	10/15/18	24	Invoice	219352	76,058.24		76,058.24
410-0000	SEARS	9/11/18		9/29/18	10/15/18	16	Invoice	219353	46,382.72	46,382.72	
									\$USD	242,256.16	46,382.72
											195,873.44